



2011/2012

Business Plan Review

August 20, 2012

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INTRODUCTION

This document is intended to provide an overview of the principal elements of the 2011/2012 Business Plan (plan) prepared by the Retirement Homes Regulatory Authority (RHRA) and the achievements against that plan. The original document was prepared when there was uncertainty about the phasing of the proclamation of the *Retirement Homes Act, 2010*(Act) and the regulations. When it was determined in August 2011 that the proposed schedule for proclamation of various sections of the Act would change, the RHRA adapted its operational focus to reflect this environment. This focus allowed the RHRA to continue to build the capacity for effective regulatory oversight, refine regulatory processes, including implementation of a risk based licensing and compliance framework, complete aggressive stakeholder outreach/education, and develop administrative infrastructure. Many of the elements of the original business plan were completed, while others were reevaluated in light of the change in the proclamation schedule.

KEY ACHIEVEMENTS

The RHRA became operationally active and embarked upon further organizational development with the proclamation of the Immediate Protection Measures effective on May 17, 2011. The factors guiding organizational development include Sustainability, Human Capital, Regulatory Operations, Forging Effective Partnerships and Sound Business Practices.

A summary of the achievements in the latest fiscal year in each area is provided in the below.

Key Achievements	
Sustainability	
Funding	Negotiated funding agreements to complete start-up activities
Cash Flow	Developed cash flow and planning model
Fees	Developed and negotiated fee structure
Human Capital	
Management	Recruited for key front line and management positions
Workforce	Developed job descriptions and workforce plan
Staff Compensation	Developed compensation program elements, including health and retirement plans
Regulatory Operations	
Mandatory Reporting	Implemented policy and processes to perform inspections for reports of harm or abuse
Risk-Based Licensing	Developed risk-based licensing assessment program
Registrar Decisions	Developed framework for execution of Registrar’s responsibilities

Key Achievements	
Forging Effective Partnerships	
Regulatory Practices	Consulted with industry, government, stakeholder groups and other regulatory agencies to refine regulatory practices
Licensing Consultation	Refined licensing process through consultation with individual retirement home operators
Operator Education	Created outreach/contact program with prospective retirement home operators
RHRA Policies	Developed policies such as French Language Service and Privacy and Access policies to guide operations, inform partners and comply with the MOU.
Sound Business Practices	
Call Centre Migration	Migrated call center operations for reporting and consumer contact to the RHRA from the CRIS line at the Ontario Retirement Communities Association
Organizational Design	Planned and implemented organization design for start-up period and operational readiness.
Infrastructure	Completed infrastructure elements, including leased premises, IT infrastructure, visual identity and website

MOVING FORWARD

The year ahead in 2012/2013 will be both an exciting and challenging one. The RHRA looks forward to implementation of a licensing regime that supports consumer protection and consistent care standards across the retirement home sector.

As the RHRA continues to implement additional phases of the Act activities will focus on:

- Education to support compliance as well as public awareness;
- Continued development and implementation of policies, processes and systems to support licensing, compliance and enforcement;
- Establishment of a public register to provide information and resources to retirement homes, residents, family and the public;
- Transition to the permanent board (a combination of elected and appointed members); and
- Ongoing implementation of other organization and business requirements.

The RHRA understands regulation is a significant change for the sector and works diligently to resolve any issues that may arise. Challenges include:

- The scope and range of implementation activities and testing of new policies/ processes/ systems to ensure smooth transition;

- An unknown retirement home sector size and diversity may pose a financial challenge as the RHRA moves from government funding to a self-sustaining financial model; and
- The need to balance consumer protection (those most vulnerable) with consumers making informed choices about care.

The RHRA strives for organizational and regulatory excellence and looks forward to the continued collaboration of all our partners as we work together to achieve our common goal of resident safety, respect and dignity within retirement homes.

FINANCIAL REPORT

The following financial review is based upon the RHRA Budget Summary Report for the year ended March 31, 2012 included as Appendix 1.

Overview

The sole source of funding for the year was the Province of Ontario (Province) which provided \$5,900,000 in total to the RHRA. The funding is governed by various Transfer Payment Agreements (Agreements) entered into by the RHRA and the Province. The Agreements provide for various reporting requirements and specify the nature and extent of the expected disbursement of funds during the period to which the funding applies. The most recent agreement with the Province provides for additional funding during the subsequent fiscal year of \$1,150,000 to complete remaining start up activities.

The timing of proclamation of the Act had pervasive effects upon the RHRA. Without certainty of timing, many expenditures were delayed, the most significant of which was the creation and implementation of a licensing and case management system. The essential elements upon which the original budget was developed remain valid. Substantive elements of the Act were proclaimed subsequent to the end of the fiscal year and investments in the infrastructure elements such as systems and software will be required. This investment is now planned for fiscal 2012/2013.

With the proclamation of certain remaining provisions of the Act subsequent to the fiscal year end, the RHRA will commence assessing fees to retirement homes and become self-sustaining, without further funding by the Province. Expenditures during the year reflect the operational activities of the RHRA and consist primarily of investments in capital assets and operating expenses to support program development.

Revenue

Substantially all revenues are derived through grants from the Province of Ontario. When the original budget was derived it was expected that more sections of the Act would be in force by the end of the fiscal year, and investments in infrastructure and staffing would have been complete, after which the RHRA would be financially self-sustaining from fee assessments.

When these investments were deferred to fiscal 2012/2013 the RHRA and the Province agreed to a funding schedule in keeping with planned investments.

Interest income is earned from cash balances in operating accounts and short term investments.

Expenses

As indicated in Appendix 1, the RHRA anticipated incurring a range of start-up capital and operating related costs of approximately \$7 million in its initial year of operations, and the government agreed to provide funding for these one-time costs. As noted above, some of these investments were deferred to 2012/13, with approximately \$4 million spent in 2011/12.

Salaries, wages and benefits represent the largest expenditure of RHRA. The staff complement of the RHRA increased during the year to support the implementation of provisions of the Act both during and subsequent to the fiscal year. Inspection personnel were recruited early in the fiscal year to respond to reports of abuse or harm to residents of retirement homes. Additionally, program and administrative personnel were hired, both on a contract and permanent basis, to continue the development of regulatory, education, outreach and administrative operations.

The largest component of ongoing operating expenses is accommodation. Remaining amounts relate to general office expenses, non-recurring consulting costs, governance-related costs, and training and travel costs for the inspector force.

APPENDIX 1

RHRA Budget Summary Report

Period Ended March 2012

	YTD Actual	YTD Budget	Fav/(Unfav) Variance
REVENUE			
Funding from Province	\$ 5,900,000	\$ 7,050,000	\$ (1,150,000)
Interest Income	\$ 12,385	\$ -	\$ 12,385
TOTAL REVENUE	\$ 5,912,385	\$ 7,050,000	\$ (1,137,615)
EXPENSES			
Salaries and Benefits			
RHRA Salaries	\$ 2,711,075	\$ 2,934,169	\$ 223,094
Sub Total	\$ 2,711,075	\$ 2,934,169	\$ 223,094
Board of Directors			
Expenses	\$ 23,758	\$ 52,126	\$ 28,368
- Fees	\$ 79,492	\$ 169,488	\$ 89,997
- AGM one time cost	\$ 2,781	\$ 15,000	\$ 12,219
Board of Directors Sub Total	\$ 106,031	\$ 236,614	\$ 130,583
Transport and Communication			
- Travel	\$ 4,742	\$ 82,834	\$ 78,092
- Inspector Travel	\$ 35,627	\$ 125,000	\$ 89,373
- Training & Development	\$ 18,014	\$ 114,001	\$ 95,987
- Office Telecommunications	\$ 20,474	\$ 27,000	\$ 6,526
- Mobile communication costs	\$ 16,695	\$ 79,000	\$ 62,305
- Public Relations/Communications	\$ 36,836	\$ 101,500	\$ 64,664
- CRIS Line Costs	\$ 411	\$ 100,000	\$ 99,589
- Consulting Procurement	\$ 6,382	\$ 72,667	\$ 66,285
- Consulting Communications	\$ 102,225	\$ 89,161	\$ (13,064)
- Marketing materials/stationery	\$ -	\$ 249,000	\$ 249,000
- Consulting Other/ Translation	\$ 182,423	\$ 145,557	\$ (36,866)
- External Legal	\$ 27,905	\$ 173,333	\$ 145,428
- Accommodation Leases	\$ 211,237	\$ 226,943	\$ 15,706
- Regus	\$ 75,878	\$ 117,400	\$ 41,522
- Insurance	\$ 49,170	\$ 151,000	\$ 101,830
- Audit	\$ 34,089	\$ 22,000	\$ (12,089)
- Other -HR outsourced	\$ 51,487	\$ 31,333	\$ (20,154)
- Office Supplies	\$ 33,881	\$ 27,000	\$ (6,881)
- Office Services	\$ 61,275	\$ 36,000	\$ (25,275)
- IT Hosting/ Software Licences	\$ 34,304	\$ 67,500	\$ 33,196
- Outsourced services	\$ -	\$ 136,119	\$ 136,119
Total Expenses	\$ 3,820,159	\$ 5,345,132	\$ 1,524,973
Capital Expenditures			
- Furniture & Fixtures	\$ 20,169	\$ 50,000	\$ 29,831
- IT Equipment	\$ 83,405	\$ 36,000	\$ (47,405)
- Desktops/Laptops	\$ 60,041	\$ 115,000	\$ 54,959
- Office Systems/Outlook	\$ 36,037	\$ 79,000	\$ 42,963
- Accounting/Payables/HRIS	\$ 5,446	\$ 150,000	\$ 144,554
- Telecommunications Infrastructure	\$ 4,288	\$ 120,000	\$ 115,712
- Leasehold Improvements	\$ 10,044	\$ 100,000	\$ 89,956
- Website development	\$ 11,355	\$ 50,000	\$ 38,645
- Phone system	\$ 1,468	\$ 50,000	\$ 48,532
- L&I System	\$ 10,394	\$ 1,106,868	\$ 1,096,474
Total Capital Expenditures	\$ 242,647	\$ 1,856,868	\$ 1,614,221
TOTAL	\$ 4,062,806 *	\$ 7,202,000	\$ 3,139,194

* Fiscal year budget is comprised of \$7,050,000 in 2011/2012 funding and \$152,000 remaining from fiscal 2010/2011